



# **Overview of 2007 Draft Integrated Energy Policy Report**

**October 16<sup>th</sup> 2007**

# Areas of IEPR Where Comments are Planned



- ◆ Planning and Conventional Generation
  - Portfolio Analysis and Common Planning Assumptions
  - Nuclear Generation
  - Natural Gas
- ◆ Loading Order Resources
  - Energy Efficiency
  - Renewable Resources
- ◆ Distribution
  - Distribution Investments
  - Distributed Generation



# Planning and Conventional Generation

Subject	IEPR Key Messages	SCE Response
Portfolio Analysis & Common Planning Assumptions	<ul style="list-style-type: none"><li>♦ Use prescribed and standardized portfolio analysis approaches in LTPP</li><li>♦ Include a Palo Verde “out” contingency</li></ul>	<ul style="list-style-type: none"><li>♦ IOUs should maintain the flexibility to use methods which that are not overly prescriptive and analytically intensive</li></ul>
Nuclear Energy	<ul style="list-style-type: none"><li>♦ Nuclear energy not expected to contribute significantly to the near-term AB 32 goal</li></ul>	<ul style="list-style-type: none"><li>♦ Nuclear energy should be included as a long term generation option and early actions to facilitate its use (i.e. early site permits) should be taken</li></ul>

## Planning and Conventional Generation cont'd

Subject	IEPR Key Messages	SCE Response
Aging Plant Retirements (once-through cooling)	<ul style="list-style-type: none"> <li>♦ Complete studies needed to assess impact of retiring aging power plants</li> <li>♦ Assess reliability implications for nuclear “once-through cooling” regulations</li> </ul>	<ul style="list-style-type: none"> <li>♦ Support ISO study on aging power plant retirement</li> </ul>
Natural Gas	<ul style="list-style-type: none"> <li>♦ Natural gas prices likely to increase significantly:</li> </ul> <div data-bbox="688 1170 766 1209">  </div> <ul style="list-style-type: none"> <li>♦ Flat Production</li> </ul> <div data-bbox="688 1252 766 1291">  </div> <ul style="list-style-type: none"> <li>♦ Increased use as a substitute for coal</li> </ul>	<ul style="list-style-type: none"> <li>♦ SCE and its vendors do not agree with the CEC</li> <li>♦ The CEC should continue verification of its models by evaluating the reasonableness of its conclusion</li> </ul>

## Loading Order Resources - Energy Efficiency

Subject	IEPR Key Messages	SCE Response
Energy Efficiency	<ul style="list-style-type: none"><li>♦ Adopt Statewide Targets for Energy Efficiency for 2016 equal to 100% of cost effective efficiency</li><li>♦ Investigate market-based approaches to energy efficiency, such as “white tags”</li></ul>	<ul style="list-style-type: none"><li>♦ Targets should be set based on scenario results of Statewide EE Potential Study at a maximum of 45% of economic (cost effective) potential</li><li>♦ Support investigation of “white tags” for use in helping to satisfy the AB 32 emissions goal</li></ul>

# Loading Order Resources - Renewables

Subject	IEPR Key Messages	SCE Response
Renewable Resources	<ul style="list-style-type: none"><li>♦ 33% renewables by 2020 is feasible with changes in program structure</li><li>♦ Feed-in tariff (FIT) at the MPR (market price referent) for all RPS-eligible renewables up to 20 MW in size</li><li>♦ Begin considering FITs for larger projects</li></ul>	<ul style="list-style-type: none"><li>♦ No analytical basis for conclusion that 33% renewables is feasible</li><li>♦ Agree that changes are needed in the transmission planning and permitting processes for renewable resources</li><li>♦ Support the use of FITs for small projects (up to 1.5 MW)</li><li>♦ Use the current structure as a pilot</li><li>♦ SCE does not support FITs for projects greater than 20 MW</li></ul>

# Loading Order Resources - Renewables

Subject	IEPR Key Messages	SCE Response
Renewable Resources cont'd	<ul style="list-style-type: none"><li>♦ Update the MPR protocols to more fully reflect risk and market costs</li><li>♦ Coordinate RPS with market-based compliance mechanisms to ensure that GHG reductions due to RPS are quantified and taken out of any allowance system for cap and trade purposes</li></ul>	<ul style="list-style-type: none"><li>♦ The CEC should work with the CPUC in their 2008 review of the MPR</li><li>♦ The CEC should coordinate its efforts with the CPUC and CARB to achieve state's goals at the lowest cost to ratepayers</li></ul>

# Distribution – Distribution Investment

Subject	IEPR Key Messages	SCE Response
Distribution	<ul style="list-style-type: none"><li>♦ Base utility's profit on performance of goals, rather than investing in infrastructure</li><li>♦ Fund distribution research to accelerate the transformation of the grid into an intelligent network</li></ul>	<ul style="list-style-type: none"><li>♦ Basing financial rewards on the achievement of fixed goals changes the focus from long-term to short-term and impacts decision making</li><li>♦ The CEC should encourage the CPUC to provide priority funding for accelerated replacement of aging distribution infrastructure, particularly distribution cables, to maintain system reliability</li></ul>

# Distribution - Distributed Generation

Subject	IEPR Key Messages	SCE Response
Distributed Generation (DG)	<ul style="list-style-type: none"><li>♦ Create a tariff to make DG projects “cost and revenue neutral”</li><li>♦ Eliminate all non-bypassable and standby reservation charges</li><li>♦ Develop a portfolio standard for Distributed Generation</li></ul>	<ul style="list-style-type: none"><li>♦ Creating special rates for specific technologies is unfair to retail customers</li><li>♦ Creating “carve outs” of any kind may displace other lower cost, environmentally superior resources</li><li>♦ The emissions of DG projects vary greatly with only approximately 5% meeting 80% efficiency</li></ul>